

Session 5 Financier's Perspective

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Agenda

- Brief history of United Financial
- Example of Federal ESPC project
- Investor markets
- Topics to improve efficiency and interest rates

 **2003 Energy** **United Financial of Illinois
History and Operations**

- Provided over \$500 million in Federal energy efficiency financing for approximately 125 projects within the last 3 years
- Project terms: 10 – 25 years
- Direct relationships with:
 - ESCO's, Utilities, National Labs, Agencies and O&M Contractors

Federal ESPC Project

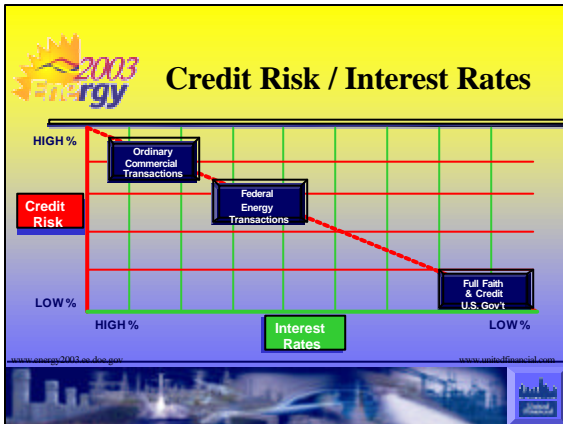
- Approximate project cost – \$5 million
- Project scope
 - Energy efficient lighting improvements – 57%
 - Water fixture upgrades – 43%
- 10% pre-performance payment / 9 month installation
- ECM title transfer at government acceptance
 - Insurance
 - Taxes
- Investor / regional banking institution

Investor Markets

- | | |
|--|---|
| <ul style="list-style-type: none"> • Institutional Private Placement <ul style="list-style-type: none"> – Insurance companies – Regional banks – Community banks – Corporate investors | <ul style="list-style-type: none"> • Institutional Securitizations <ul style="list-style-type: none"> – Insurance companies – Banking institutions – Multiple investor public issues |
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Investor Requirements

- Credit quality (investment grade)
- Fixed predictable payment stream
- Adequate investment return
- Secure documentation



2003 Energy Topics to Improve Efficiency & Interest Rates

- Maximize stipulated vs M&V savings for capital
- Incorporate no set-off FAR
- Eliminate Termination/Cancellation Sch "up to" provision
- Incorporate insurance and tax commitment
- Consistent prepayment / refinance language (call provision)
- Contractor replacement clause
- Assignee central clearing contract (help line)

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